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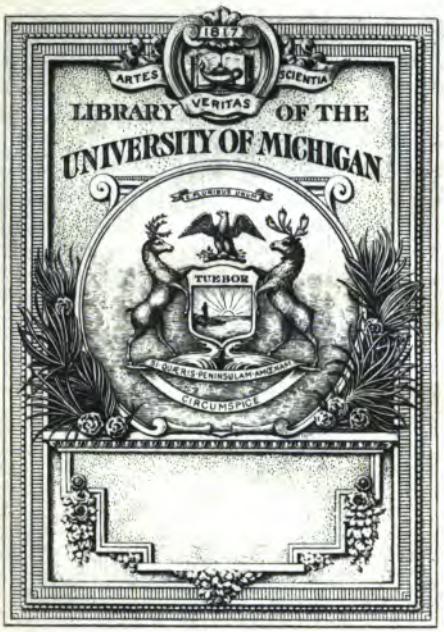
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MR. PITKIN'S

SPEECH

ON THE

LOAN BILL,

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

FEBRUARY 10TH, 1814.

IN COMMITTEE OF THE WHOLE,

On the Question to fill the Blank in the Bill with

TWENTY-FIVE MILLIONS OF DOLLARS.

ALEXANDRIA:

PRINTED BY SNOWDEN AND SIMMS.

1814.

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MR. PITKIN'S SPEECH

ON THE

LOAN BILL.

MR. PITKIN—

THE Chairman of the committee of ways and means, in opening the budget, has informed us, that for the purpose of carrying on the war, the present year, it is necessary to obtain by loan and Treasury notes, the sum of thirty millions of dollars. The chairman, was candid enough to confess, that this sum was much larger, than any loan heretofore authorised in this country, and that it was equal to two years Revenue in the most flourishing period of our Commerce. Before we add this sum to the present debt of the U. States, ought we not to pause, and to enquire as to the particular objects for which this money is to be expended.

In soliciting the attention of the committee to this enquiry, I shall not detain them long, in adverting to the original causes of the war. I shall say little relative to the Orders in Council, or the Berlin and Milan decrees—they have passed away, never I trust, again to return. I cannot refrain, however, from repeating, what I have more than once declared on this floor, that, on the repeal of the Orders in Council, the best interests of this country, dictated the acceptance of the proffered armistice on the part of G. Britain. This would have left the other subjects in dispute, open to negociation, as they now are, and would have saved us from that train of calamities which have followed. Certain I am, sir, that if a knowledge of the repeal of these orders had reached us, before the declaration of war, that declaration would never have been made. No man, Mr. Chairman, in Congress at that time will say, that a majority would have been in favor of war—after the principal cause had been removed. If any thing is wanting to prove this, let me state to the committee, what is not generally known here, that Mr. Russel our agent, when the subject of the repeal of the orders in council was before parliament, gave the most positive assurances, that the repeal of them would satisfy the

American government, so far as to prevent a rupture between the two countries. I repeat sir, that Mr. Russell did give the most positive assurances, that the repeal of the orders in council, would prevent war. Hence, the offer of an armistice on the part of Great Britain, before they commenced active hostile operations; and hence, in consequence of the rejection of the offer, by the President, the popularity of the war in England, and the union of all parties there, in support of it, and in support of the ministry.

I cannot subscribe to the doctrine, that, war being once declared, we are bound in all events, to support the executive, in the prosecution of that war, and more especially, after the principal cause and object of it has been removed. This house, by the constitution has a voice in making war, but it has none in making peace. We may be instrumental in bringing upon our country, the calamities of war, but we have no constitutional power, in restoring to it again the blessings of peace. This rests with the executive branch of the government alone.

We cannot forget, sir, nor will the nation forget, that the principal object of the vast expenditures, we are called upon to make, during the present year, is the conquest of Canada. Sixty three thousand men, are to be raised and more than twenty-four millions of dollars, to be expended for military operations, and principally for this purpose.

Believing as I do, that in this war of conquest, we are sacrificing our men, and expending our money, without a prospect of any adequate advantage, I feel justified in voting against a loan of so many millions for this object. Is the acquisition of Canada, or rather the attempt at the acquisition of it, necessary to aid our Commissioners at Gottenburg? What, Sir, is the principal point now in dispute between the two countries? The Secretary of State, in his answer to Admiral Warren's offer of an armistice, has informed us. Speaking on the subject of impressment, Mr. Munroe says—"*without farther discussing questions of right*, the "President is desirous to provide a remedy for the evils com- "plained of, on both sides. The claim of the British government "is to take hither from the merchant vessels of other countries, "British subjects. In the practice the commanders of British ships "of war often take from the merchant vessels of the U. States, "American citizens. If the United States prohibit the employ- "ment of British subjects, in their service, and enforce the pro- "hibition by suitable regulations and penalties, the motive for "the practice is taken away. It is in this mode, that the President "is willing to accomodate this important controversy with the Bri- "tish government, and it cannot be conceived on what ground the "arrangement can be refused."

On the subject of impressment, then, there is now no question of *right* between the two countries.

The President has waved the right, and has placed it solely on the ground of a mutual arrangement relative to the *exercise* of it. Under these circumstances, can it be said, with any semblance of truth, as has been often done on this floor, that we are fighting for our independence, and for our national sovereignty? When the right is thus given up or waved, why can it be necessary to spend so many millions, on the hopeless project of conquering Canada? Why should we borrow thirty millions of dollars, at an enormous rate of interest, and tax the people to pay it, because Great Britain may not enter into such an arrangement on this point, as may be perfectly satisfactory to us? Whether we employ British or foreign seamen, in our merchant service, depends entirely upon ourselves, independent of the will of any other nation. We can pass a navigation act, and we ought long since to have done it, confining the navigation of our own vessels, principally to our own seamen. This, in time, would cure the evil, of which we complain, and without such immense sacrifices, as we are now making.

Different gentlemen, I know, Sir, have different views in the prosecution of this Canadian war. Some, and those, I fear, not a few, seem determined never to make peace, until Canada is annexed and has become a part of the United States. I am free to confess, Sir, that I do not wish to see the heterogeneous mass of Canadian population represented on this floor. I have no disposition to see Canada & Nova-Scotia become a part of the American Republic, because it is my wish to preserve that Republic entire, because I wish to perpetuate the union of the States.

To my mind, it is clear, that an extension of our territory and sovereignty, instead of adding strength to the union, has a direct tendency to weaken it. The consequence of such an extension, I fear, in the end, would be, that the Republic would fall to pieces from its own weight.

Neither am I satisfied that the seizing and holding it as a pledge, would afford us any aid in the pending negociation for peace. Will any gentleman affect to believe, that our commissioners at Gottenburg will say any thing about Canada? What, Sir, are the terms offered and accepted by the parties? The British government have offered to treat, on terms of reciprocity, and on principles "of the law of nations, and the maritime rights of England."

The Executive of this country, has agreed to treat, "on terms of reciprocity, and on principles not inconsistent with the rights of both parties, as sovereign and independent nations."

Who can believe, that, in a negociation, offered and accepted on terms like these, any thing will be said about a cession of territory, except that each party, in that respect, should be in the same state as before the war?

If then, Sir, peace is *really expected or desired*, why do we hear so much said, on this floor, and elsewhere, of the necessity of taking Canada? The surest test of the sincerity of the executive, in the present negociation, will be, that he makes no serious attempt at the conquest of this country, until the result of the mission to Gottenburg be known.

Connected with this Canadian war, there is a subject, to which, for a few moments, I shall beg leave to call the attention of the committee. I mean, Sir, the subject of retaliation. It is one, which, in its consequences, threatens the lives of hundreds of native American citizens, now prisoners of war, and involves the individual peace and happiness of thousands who are connected with them. It is a subject which goes home to the bosom of every American, and is calculated to excite some of the finest feelings of our nature.

The President in his message at the opening of the present session of Congress, informs us, that the British commander in Canada, had sent to Great-Britain for trial, certain persons, who had been taken prisoners, and "who had emigrated from the British dominions, long prior to the state of war between the two nations."

These persons, he says "had incorporated themselves into our political society, in the modes recognised by the law and practice of Great-Britain," &c. In consequence of this, British prisoners have been put in close confinement, and in return for this, double the number of native American prisoners, have been confined by the British government, all of whom are to share the fate of the first.

The message of the President is somewhat obscure, and does not clearly indicate the national character of the persons, who have been thus taken and sent to Great-Britain for trial. I do not understand, however, by the words of the message, that they have ever "incorporated themselves into our society," agreeable to our naturalization laws. If they have not, whatever the laws and usage of Great Britain may be, they cannot be citizens of the United States. If the persons referred to, had been naturalized under our laws, and the President had known the fact, he would certainly have so stated it in his message. If then these persons have not been naturalized here, and from the message, I presume they have not, in what light are they considered by our own laws? They are, sir, alien enemies, and as such liable to be removed by the President at any moment. The act passed by Congress, on the 6th of July, 1798, and now in force, is explicit. It declares, "That whenever there shall be a declared war, between the United States and any foreign nation or government, or any invasion or predatory incursion shall be perpetrated, attempted or threatened, against the territory of the United States, by any foreign nation or government, and the President of the United States shall make proclamation of the event, all natives,

citizens, denizens or subjects, to the hostile nation or government, being males of the age of fourteen and upwards, who shall be within the United States and *not actually naturalized*, shall be liable to be apprehended, restrained, secured and removed, *as alien enemies*." It is under this law, sir, that the President, since the commencement of the war, has sent many persons, at a great distance from their homes near the sea board, who were born in Great-Britain, but who had resided here, and had married here, many years before the war, but who had not *been actually naturalized*. If then, sir, the persons who have been taken prisoners, while invading Canada, and sent to England for trial, were not actually naturalized, at the time of the declaration of war, they were, by our laws, *alien enemies*. And should these men, be tried and condemned in their native country, however much I might deplore their fate, I can never consent, that one drop of American blood should flow, nor a single American family be made miserable, on their account.

It is not my intention, sir, to enter into the consideration of the subject of allegiance or the effects of naturalization. This would lead me far beyond the limits I had prescribed to myself. I would observe, however, that with respect to naturalized citizens, the government of the United States must fulfil all their obligations and duties to them. What these obligations and duties are, it may be difficult to ascertain with precision. While they remain within our own territory, and within our exclusive jurisdiction, they are to be protected by the government.—But when they depart from the United States, and reside abroad, for a certain period of time, either in their native country, or in a foreign country, by our own laws, they are not to enjoy all the rights and privileges of native citizens.

By an act passed by Congress in 1804, "If any person, *natural-*
"*ized in the United States*, shall reside for more than one year in
"the country from which he originated, or for more than two years
"in any foreign country," unless in the capacity of a public agent, he cannot own an American ship. But a ship owned by such person, although registered as an American ship, must pay foreign tonnage, and foreign duties. So far, therefore, as respects American navigation, a person in this situation, is considered to all intents and purposes a foreigner.

It is, sir, the peculiar province, as well as the duty of this House, to watch the expenditures of public money, and to see that the people are not unnecessarily burdened with debt and with taxes. The acting Secretary of the Treasury, in his annual Report, has told us, that the sum necessary for the expenses of the present year, amounts to 45,350,000 dollars, and of this sum thirty millions is to be obtained by loans and treasury notes. The sum to be thus borrowed, is six times larger than any loan ever obtained since the commencement of the government, until the present war.

The honorable chairman has thought proper to state, that during the five years of the present administration, the public debt has increased 20,781,881 dollars and 40 cents. This statement may be, and probably is correct. I should have been better satisfied, however, had the chairman informed us distinctly the actual amount of the expenses of the present war, and the actual increase of the public debt, in consequence of it, as well as what those expenses, and what the amount of the debt must be, at the present rate of expenditure, at the close of the present year. The committee, as well as the nation, would then have been able to judge whether the prospect of advantage, from a prosecution of the Canadian war, would not be more than counterbalanced, by the expenses incurred by it. It is my intention, sir, to present this subject, dry and uninteresting as it may be, to the view of the committee under the following heads, viz.

First—The amount of the expences of the government (exclusive of the public debt) since the commencement of the present war, viz. from January 1st 1812, to December 31st 1813, together with the amount of the sums estimated for the same expences for the year 1814.

Second—A comparative view of these expences, with the sums expended for the same objects, during former administrations.

Third—The actual increase of the public debt, from January 1st 1812, to December 31st 1813, and what, that increase must be, at the close of the year 1814, in case the sum contemplated to be raised by Loan and Treasury notes, should be attained on the terms of the former loans.

First—The expences of the government, (exclusive of the public debt) from January 1st 1812, to December 31st 1813, have been as follows, viz—

I—From January 1st 1812, to Sept. 30 1813.		
1. For civil list, Foreign intercourse, &c.	1,556,864 46	
2. For Military department, -	7,464,814 80	
3. Naval Department, - -	2,638,612 95	
As per Treasury Statement,		11,760,292 21
II—From Sept. 30th 1812, to Sept. 30th 1813.		
1. For civil list, Foreign intercourse, &c.	1,705,016 35	
2. For Military Department, -	18,404,650 49	
3. Naval Department, - -	6,317,411 15	
		26,508,147 99
III—From Sept. 30th 1812, to Dec. 31st 1813, being the last quarter of 1813.		
1. For civil list, &c. - -	400,000 00	
2. For Military Department, -	5,887,747 00	
3. For Naval Department,	1,248,145 10	
		7,535,892 10
Making, - - - -		$ 45,803,332 30

IV—From Jan'ry 1st 1813, to Dec. 31st 1814.

The expences, and to defray which, we are called upon to borrow thirty millions of dollars, and which if the war continues must be paid, have been estimated by the Secretary of the treasury as follows.

1. For civil list &c. - -	1,700,000	
2. For Military establishment,	24,550,000	
3. For Naval establishment, -	4,900,000	
		33,150,000
Making in three years (exclusive of the public debt) an expence of, -		$ 78,953,332 30

It will be observed, that for the year 1812, the above sum of $ 45,803,332 30 includes the money actually paid from the Treasury, during those years. Many expenses incurred during that period have not yet been paid or presented for payment. The claims of several states for expenses in calling out their militia, have not been allowed or paid. The state of Virginia alone has a claim of this kind, amounting to 380,000 dollars. The floating debt, therefore, may amount to several millions. Neither does the estimate for the year 1814, include the large bounties lately given to encourage the recruiting service.

Let us, sir, compare this expense with the sums expended by former administrations for the same objects. The extravagant expenditures of former administrations, have, for many years, been the theme of both public and private declamation, as well as denunciation. It may be useful to look back, and to enquire whether the *practice* of those, who have professed so much economy, in the expenditure of the public money, has been conformable to their *professions*.

By recurring to official documents, furnished us from the Treasury Department, we shall find that the whole expences of the several administrations (exclusive of the public debt) have been as follows:

1. The administration of President Washington—The whole expence for military and Naval establishments, Indian department, foreign intercourse Barbary powers, civil list, and all others, (exclusive of public debt) from March 4th 1789, to 1797, inclusive, being more than eight years, was	$ 18,408,620 81	
2. The expence for same objects, during the administration of Mr. Adams, from 1798, to 1801, inclusive, being four years—was,	23,496,430 13	
Making from March 4th 1789, to 1801 inclusive, being twelve years and ten months,		$ 41,904,450 94

It will be remembered, that this sum includes the expenses of the Indian wars, about one million expended in suppressing an insurrection in Pennsylvania, and nearly one million for the release of American prisoners at Algiers, during President Washington's administration, and the whole expense of the war with France, in the administration of Mr. Adams.

3. The expence for the same objects, from 1801, to 1811 inclusive, being the eight years of President Jefferson's and two first years of President Madison's administration, making ten years in the whole, were— $ 54,437,473 06

Making whole expence (exclusive of the debt,) from March 4th 1789, to Dec. 31st 1811. $ 96,341,929 00

Difference between the expence of Washington and Adams administration, being twelve years and ten months, and the administration of Jefferson and Madison for ten years, of $ 12,543,027 12

During the last period, there was paid under the Louisiana convention, and under the British treaty, and included in the above expences $ 6,361,000

This sum was not equal to the extraordinary expence of the former period; each may therefore be offset against the other—but if deducted, will still leave a difference of, $ 6,182,027

From this statement, taken from official documents, it appears, that the expense of the military establishment alone, for the year ending on the 30th of September 1813, was greater than all the expenses (exclusive of the public debt) during the whole of the administration of President Washington. Strange, sir, as this may seem, it is nevertheless true.

From the 30th day of Sept. 1812, to the 30th day Sept. 1813, there was paid from the Treasury, for the military department alone. $ 18,484,756 49

The whole expence (exclusive of the payments for the public debt) during the eight years of President Washington's administration, was only, 18,408,020 81

Leaving a difference of $ 76,728 48

The estimate of expences for the military department, for the year 1814, exceeds by about one million of dollars, the whole expence (exclusive of the debt) of Mr. Adams administration. The expence of military establishment, for the present year, is estimated at more than twenty-four millions and a half, and the whole expence of that administration, (exclusive of debt) was a little short of twenty-three millions and a half. Yes, Mr. Chairman, the four years extravagance of President Adams, is to be outdone

by the war department alone, during the present year. How often sir, have we been reminded both here and elsewhere, of those hard and extravagant times. How often have the standing armies, the expensive navies, the 8 per cent loans, and the enormous and oppressive taxes of John Adams, been resounded through every part of the U. States—and with what effect? The authors of those measures were considered as unworthy of public confidence. And yet, sir, the expenditures of those times, in comparison with the expenditures of the present, were "trifles light as air." In no one year did the military establishment of Mr. Adams cost more than about two millions and a half; for the present year it is estimated at more than twenty-four millions. Nor did he expend upon his favorite navy, more than about three millions and a half in any single year; the expense of the navy this year is estimated at 6,900,000. A little more than 6 millions was then borrowed at 8 per cent. This administration, during the last year borrowed twenty-two and a half millions of dollars, at about the same rate of interest, and we are now called upon to borrow twenty-five millions more, and which cannot, probably, be obtained on more favorable terms. A land tax of two millions of dollars was then laid, with other internal taxes. A land tax of three millions is now in collection, with nearly all the other internal taxes of Mr. Adams, with some additional ones, and the amount of them is nearly doubled; and it is agreed that another land tax of three millions must be laid for the next year. I will not say, that some of the expenditures of those times might not have been extravagant; but I will say, that those expenditures were economy even parsimony itself, when compared with those of the present administration.

The expence of the war, at the close of the present year, at the present estimated rate of expenditure, will exceed the whole expenditure of President Washington's administration, for the same objects,	$ 60,545,311 44
And will exceed that of President Adams.	55,454,902 17

Let us in the next place, enquire into the actual increase of the public debt, since the commencement of the war, and what that increase must be at the close of the present year, if, as proposed by the budget, thirty millions is obtained on loans and treasury notes.

The following loans have been made, exclusive of the treasury notes, since the war:

1. Loan of 1812, $ 11,000,000. This was partly temporary, and partly permanent and funded, on this loan there was obtained.	$ 10,184,700
2. Loan of 1813, per act of Feb'ry 8th $ 16,000,000 The greatest part of this sum was obtained, at the enormous premium	

of 13 dollars and 63 7-11 cents for every 100 dolls. viz. for every 100 dolls borrowed, the government gave their notes or stock for 113 dolls. and 63 7-11 cents at six per cent, making a premium of, 2,180,000

$ 18,180,000

3. Loan of 1813, per act of August 2d. The whole of this sum was obained or contracted for, at 13 dolls. & 31 4-9 cents, for every 100 dollars, making a premium of, 998,250

8,498,250

4. The contemplated loan for 1814, of $ 25,000,000
If this is obtained on the terms of the 16 million loan, viz. 113 dolls. and 63 7-11 for $ 100, it will make a premium of, 3,407,600

28,407,600

5. Treasury notes for 1814. 5,000,000

$ 70,270,000

Part of these loans have been paid as follows, viz.

In 1812, part of the 11 million loan purchased.	$ 324,200	
Part of the same loan paid in 1813, being temporary per contract,	1,350,000	
To be paid in 1814, part of same loan,	750,000	
		2,421,200

Leaving at the end of the year 1814, an actual debt at 6 per cent, incurred in consequence of the war, of $ 67,146,250

I have added the 5 millions of treasury notes, to be issued during the present year, as a part of the debt at the close of the year, because they are issued for the purpose of paying or supplying the place of about an equal amount of treasury notes falling due the present year, but which I have not included as part of the debt. In order to ascertain the real amount of the debt, either the notes which fall due this year, or those which are issued to supplytheir place, must be taken into the account.

If we add to this, the amount of the old debt, at the close of the present year, we shall find the amount of the whole debt of the United States, on the 31st day of December, 1814.

The amount of the old debt, including the Louisiana Stock, on the first day of January 1812, was, $ 45,154,189

And consisted of the following species viz.

6 per cent, and deferred stocks, unredeemed. $ 17,967,096

3 per cent stock,	$ 16,157,890		
Converted do.	565,318		
		16,723,208	
1796 six per cent stock.		80,000	
Registered debt, and debt due to foreign officers.		33,685	
Being amount of old debt, unredeemed on the 1st of January 1812.		33,904,189	
Louisiana six per cent.		11,250,000	
		$ 45,154,189	
Of this debt, there has been since paid or purchased and will be paid, at the end of the year 1814, the following sums, viz.			
1 Reimbursement of the old six per cent and deferred stock, for the years 1812, 13, and 14, about $ 1,500,000 per year, in three years,		4,500,000	
2 Converted 6 per cent stock paid in 1812,		565,318	
3 Louisiana stock purchased,		326,500	
		$ 5,391,818	
Leaving the amount of the old debt on the 31st of December 1814.			39,762,371
Making the whole debt of the U. States at the close of the year 1814.*			$ 107,608,621

* NOTE....The following is another view of the state of the public debt on the 1st day of January 1814, and the probable increase during the year 1814, from treasury statements :—

State of the public debt on the 1st of January 1814.

Old six per cent. stock -	$ 17,250,871 39		
Of which there has been reimbursed	11,809,601		
		5,441,270	39
Deferred stock - - -	9,358,310 35		
Of which there has been reimbursed	3,644,562		
		5,711,758	35
Three per cent. stock - - -		16,158,177	34
Exchanged six per cent. of 1812 - -		2,984,746	72
Six per cent. stock of 1796 - - - -		80,000	
Louisiana six per cent. foreign and domestic - - - - - -		16,923,500	
		41,299,452	78
Six per cent. stock of 1812, funded	$ 7,688,200		
Do. do. not yet funded	26,300		
		7,714,500	

Yes, Mr. Chairman, if the war continue through the present year, the public debt will amount to more than one hundred and seven millions of dollars, being about thirty millions more than the debt, at the commencement of the present government. And for what has this debt been incurred? Principally for the hopeless

Six per cent. stock of 1813, funded		18,009,945 69	
$ 87,500 not yet funded, will produce in stock - - -		99,431 82	
			18,109,377 51
NOTE.—The annuities issued with a part of this stock, do not increase the principal of the debt, but only the yearly charge until 1826.			
Of the loan of 7 1-2 millions, there had been paid, previous to the 1st of January 1814, $ 3,907,335---this will produce in stock - - - - -			4,427,575
Temporary loan outstanding (at 6 per cent.) - - - - - -			800,000
Treasury Notes.---There had been issued, under the act of June 30th, 1812 - - - - -		5,000,000	
Do. July 25th, 1813 - -		3 930,000	
		8 930 000	
There had been reimbursed, or the money advanced for reimbursement - - -		4,022,700	
			4,907,300
Total amount of public debt January 1st, 1814.			$ 77,258,205 31
Increase of the debt, during the year 1814.			
If, as has been proposed, 5,000,000 dollars are issued in Treasury Notes, and 25,000,000 of dollars, borrowed in stock, and the stock be issued at the same rate, as that for the last loan, viz: 88 25-100 in money for $ 100 in stock, the addition to the debt, will consist of this last stock, together with the stock to be issued, for the balance of the 7 1-2 million loan, to be paid during this year, as the Treasury Notes will only replace the old ones falling due and necessary to be taken up this year—25,000,000 at the rate of 88 25-100 for 100 dollars in stock, will be in stock - -	$ 28,328,411		
Balance of the 7 1-2 million loan, ill be, in stock - -	4,074,475		

and useless project of taking Canada. And when is this debt to be paid by the people of this country. The chairman of the committee of finance has indeed consoled us with the idea, that in times of peace, we can easily pay off the debts incurred by war. That, as in eleven years we have paid off 46 millions of debt, we can in twenty-two years pay 92 millions. It is true, that in about eleven years, viz. from 1801 to 1811, 46 millions of debt were paid. How was this done? From an overflowing treasury, in consequence of an extensive and active commerce.

The receipts into the treasury from the whole revenue of the United States, from March 4th 1789, to December 31st, 1811, were		$ 208,859,076 71
Of this sum, there was received from March 4th 1789, to 1801 inclusive being 12 years and 10 months,	$ 78,139,915 80	
And from 1802, to 1811 inclusive being ten years, was received.	130,719,140 91	
From 1802, to 1811 inclusive, the expences, (exclusive of debt) were, as we before stated.	54,437,478 06	
Leaving during that period, applicable to the payment of the interest & principal of the public debt.	$ 76,372,682 85	
Of this sum of more than two hundred and eight millions of revenue, that part which arose from commerce, or from the customs was,		$ 193,115,266 13
Leaving for all other sources of revenue, during that period, only.		$ 15,972,810 58

It would have been strange indeed, if with 76 millions of dollars at command, the administration, during that period, could not have paid off 46 millions of the debt. But on the return of peace here and in Europe, we cannot expect a return of that extensive and prosperous commerce we enjoyed before the commencement of the restrictive system. Besides, the expense of our fu-

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There will be repaid during the year 1814.			
Temporary loan	750,000		
Reimbursement of 6 per cent. -	1,475,000		
		2,225,000	
Leaving actual increase of debt, during the year 1814 - - - -			30,174,284
Making the whole public debt, on the 1st of January 1815 - - -			$ 107,432,491 31

sure peace establishment must be much greater than heretofore. Should peace take place at the close of the present year, it would leave us with a debt, the annual interest of which would be about six millions of dollars; this with the annual reimbursement of the old debt, amounting to about one million and a half, would make nearly eight millions to be provided for, annually, for the debt alone. The peace establishment for the army, navy, &c. will not be less than 7 millions, making in the whole, at least fifteen millions.

This project, then, of taking Canada, is to saddle the people of this country with an enormous debt, and for the payment of which their houses, their shops, their lands, their carriages, and almost every thing they eat, drink or wear, must be taxed.

In presenting the budget, and calling for so large a loan, the chairman of the committee, as was his duty, has made some remarks and statements to shew the ability of the nation to furnish this loan. With this view he has made an estimate,

1st, of the amount of the capital of the country;
2d, of the income of that capital;
3d, of the amount of the circulating medium.

His estimate of the amount of capital is	2,567,480,000
And the income arising from this capital, or what he calls the annual produce of the industry of the United States, is estimated at	235,489,600

I shall not trouble the committee long, in enquiring whether this estimate be correct or not. All calculations of this kind, especially in this country, must, in a great measure, be conjectural. I should suppose, however, that the estimate relative to the income of the United States, particularly in prosperous times, is short of the truth, but in times like these, when there is a total stagnation of business, and the whole amount of our exports does not exceed twenty-seven millions of dollars, our income must be comparatively small. For the purpose of shewing the ability of the community to loan the sum required, the honorable chairman, in the next place, endeavors to fix the proportion between the amount of the circulating medium and the productive industry of the country. He supposes from consulting the best writers on political economy, that this proportion, at the greatest, would not exceed one fifth. One fifth of 235 millions, he says, is 47,569,120, which he considers as "sufficient for actual circulation, and that the whole of the circulating medium above that sum, might be locked up or drawn from circulation without producing inconvenience or pressure."

He then calculates the whole circulating medium of the United States to be 100,000,000, consisting of 50,000,000 in bank notes, and 50,000,000 in discounts at the banks. He then says, "from

this sum deduct 47,569,120 dollars, the maximum of what is deemed necessary for circulation, and the sum remaining, viz. 52,430,880 constitutes the ability of the monied capitalists to loan."

On this subject, sir, my ideas are very different from those advanced by the chairman of the committee. As to the amount of the circulating medium of the country, the estimate is much too large. I have never seen or heard it estimated higher than about 30 millions. And of what, sir, does this circulating medium consist? It consists of specie, of gold and silver, the universal standard, by which the commercial transactions of mankind are regulated, or the representative of gold and silver. Bank notes may very properly, be considered as constituting a part and at present, the principal part, of the circulating medium of this country. Why, sir, are they so considered? Because they are the representative of gold and silver. They are valuable, because they can at once be converted into gold and silver. The moment they will not command the specie, they lose their value, and will not pass from man to man. It is difficult to ascertain, with precision, the amount of bank notes in circulation, in the United States. From the data, however, to which I have had access, I am satisfied that the sum does not exceed thirty millions. The late bank of the United States with a capital of ten millions and with an average deposit of five millions more, and whose bills had a general currency, and were receivable for all debts due the United States, could not, for many years, keep in circulation, on an average, more than about five millions of bank notes. This was about 50 per cent. of the amount of their capital. We cannot therefore calculate, that the present state banks taken together, can circulate bills to a greater amount than about 50 per cent. of the capital actually paid in. The bills of some of the banks, from their local situation, exceed this amount, while the bills of many others, and particularly of the larger banks in the cities, fall short of it.

The present bank capital is estimated by the chairman, at 75 millions of dollars. If, sir, he means, that this sum has actually been paid in, it is too large. In 1812, the secretary of the treasury stated the amount to be only 50 millions; and from the best information I can obtain, I am satisfied the amount paid in does not at present much exceed 60 millions. Supposing those banks taken together, can circulate, in proportion to their capital, as many notes as the late bank of the United States, the bank notes in circulation will be only 30 millions. From information, however, furnished by some of the state banks at different periods, we shall be satisfied, that this sum taken on an average, is probably too large. About the first day of January 1812, the capital of three of the principal banks in Pennsylvania, and of three large banks in Massachusetts, and of all the banks in Rhode-Island, amounted to 11,303,650, and the notes in circulation from these banks, at that

time, was only 4,487,702, being a little more than one third of the amount of the capital. This, sir, appears from statements made by the directors of those banks to the legislatures of those states respectively. In January of the present year, the capital of all the banks in Massachusetts, was $ 11,575,000, and the notes in circulation amounted only to 4,117,118 dollars. If we suppose the bank capital of Massachusetts to be one sixth of the whole banking capital of the United States, and that the other banks circulated notes in the same proportion to their capital as the banks of that state, the amount of all the notes now in circulation, will be only 24,702,708 dollars.

As the banks farther south have probably more notes in circulation, in proportion to their capital, than the banks in Massachusetts, the notes in circulation may exceed this amount by two or three millions. A very general error has prevailed on this subject. Many have supposed that banks could issue notes to an almost unlimited extent, and that they had generally done it to an amount far beyond their capital. This idea is, however, a very erroneous one. A certain quantity of circulating medium is necessary in every country, for its various commercial transactions, and to facilitate an interchange of the products of its industry. This quantity increases with the increased wealth and resources of the country, but whether it consists in specie, or in bank notes, it can never exceed the amount which is necessary for the objects for which it is required. The idea, that bank discounts constitute a part of the circulating medium of the country, is indeed novel. The honorable chairman will find that he must apply to some other resources, than the surplus of what he calls the circulating medium, in order to fill this loan. He must apply to the capital of the country, which can be spared from other objects. What the amount of this capital is, it is difficult to determine. I feel no disposition to depreciate the wealth and resources of the country. Before the commencement of that self-destroying system, which has been pressing upon us for so many years, no nation, in proportion to its means, ever increased so rapidly in wealth and in the accumulation of capital as the United States. In the years 1805—6 and 7, our exports amounted annually to more than one hundred millions of dollars. They are for the last year reduced to the pitiful sum of twenty-seven millions.

During the years 1805-6 and 7, the revenues from imports, amounted to $ 47,555,629 97, in the three succeeding years, they were only $ 27,078,740 05, making a difference of more than twenty millions. During the present year, with the double duties, they are estimated at only six millions. While this fatal system together with the war, has thus exhausted the national treasury, it has likewise to a great extent, exhausted the wealth and resources of individuals. To obtain the last loans, you were obliged to make

sacrifices, which would put at hazard, the credit of almost any individual in the community. And you can hardly expect, that without any funds provided for the payment even of the interest of the contemplated loan, you can obtain it, if indeed it can be obtained at all, at a less sacrifice.

Before we proceed further in these vast expenditures and extravagant loans, for the purposes of foreign conquests, let me beseech Gentlemen to pause, and to reflect upon the immense burthens they are imposing upon the people of this country, and their posterity for generations yet to come.